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March 31, 1988

RECEIVED  
APR - 1 1988

DIVISION OF  
OIL, GAS & MINING

Frank Filas  
Reclamation Engineer  
Mined Land Reclamation Program  
3 Triad Center  
Suite 350  
Salt Lake City, Utah 84180-1203

RE: Interpace Industries, Inc.

Dear Mr. Filas:

Although I have not had the pleasure of meeting you, I had an opportunity to meet with Ken May and David Wham of your office last week regarding Interpace Industries' compliance with the Utah Mined Land Reclamation Act, Utah Code Ann. Title 40, Chapter 8.

Since my initial contact with your office, I have had an opportunity to talk with Ron McFadden, who is the Vice President of Finance for Interpace, and George Beamer, an Engineer in that company, regarding compliance with your regulations. Mr. Beamer stated that he would be contacting Mr. Lowell Braxton of your office regarding the mine reclamation plan and the conditions outlined by Mr. Braxton in his letter of February 9, 1988.

I would very much like to discuss with you, on behalf of Interpace, the reclamation cost estimate on the Clinton Pit, which you calculated February 9, 1988, and the appropriate surety, which the State will require on this property. Based on Mr. Braxton's letter of February 9, 1988, he desired to have the reclamation bond submitted no later than April 1, 1988. Because this firm has just recently been contacted by the company, and because I have had some difficulty getting together with you, I trust you will extend that deadline, and allow me to negotiate on behalf of Interpace Industries, a surety with which you would be comfortable.

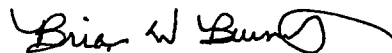
Although a company this size has financial difficulty complying with all of the regulations imposed by government, it desires to comply with the law, and I believe that a solution can be reached on these issues, which will make everyone feel comfortable.

Frank Filas  
March 31, 1988  
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I will be contacting you next week to set up a date to discuss these issues and resolve any unsolved problems. If you have any questions, please feel free to contact me.

Very truly yours,

CALLISTER, DUNCAN & NEBEKER



Brian W. Burnett

BWB:dsf

cc: Lowell Braxton  
Kenneth May  
Ronald McFadden  
George Beamer

BWB009

I met with Brian Burnett on April 6, 1988. I recommended to him that he pursue a bank letter of credit or an escrow account for bonding purposes. Brian will also probably submit local contractor's quotes in <sup>an</sup> effort to reduce the unit costs for equipment.

F. FILAS